



County Administrative Office

Gregory C. Devereaux
Chief Executive Officer

June 2014

I hereby submit the 2014-15 Adopted Budgets, guided by the Countywide Vision. The Countywide Vision calls for the creation of a “complete county” that capitalizes on its many assets to collaboratively establish a sustainable system of economic opportunity, education, well-being and amenities. The Countywide Vision and the Board adopted County Goals and Objectives provide County government with clearer direction as it makes budget decisions.

This document includes the 2014-15 Adopted Budgets for the County, Board Governed Special Districts and Other Agencies governed by the Board of Supervisors. In prior years these budgets have been presented in separate budget documents.

In this document you will see that County departments, Board Governed Special Districts and Other Agencies built their 2014-15 spending plans to achieve the County Goals and Objectives. For 2014-15 each department has re-examined performance measures to ensure they are attainable and relevant to the department’s core mission, and that they tie directly to the 2014-15 County Goals and Objectives.

The 2014-15 Adopted Budget of \$4.9 billion is balanced and is consistent with policy direction received from the Board of Supervisors. No reserves are being used to fund ongoing costs. There is limited use of one-time sources to fund operating costs. The 2014-15 Adopted Budgets address the following key issues:

- Funding of the first phase of the High Desert Detention Center staffing with ongoing sources
- Fully funding the annual earned leave liability with ongoing sources
- Revenue reductions in Law and Justice programs
- Funding key transportation projects in Public Works
- Shortfalls in the County Museum
- Asset replacement needs

THE BUDGET IN BRIEF

This budget book presents the County General Fund and County Restricted General Funds. It also presents Capital Project Funds, Special Revenue Funds, Enterprise Funds and Internal Service Funds for all entities presented in the 2014-15 Adopted Budget book including the County, Board Governed County Service Areas, San Bernardino County Fire Protection District, San Bernardino County Flood Control District, Big Bear Valley Recreation and Park District, and Bloomington Recreation and Park District. Other agencies presented in this budget book include County Industrial Development Authority, Economic and Community Development Corporation, In-Home Supportive Services Public Authority, and Inland Counties Emergency Medical Agency. The total requirements for these funds in 2014-15 are \$4.9 billion, which includes amounts that are not planned to be spent, that are budgeted as contingencies or contributions to reserves. Excluding these amounts, total projected expenditures for 2014-15 are \$4.4 billion.

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Chief Executive Officer

General Fund requirements total \$2.7 billion and are funded by countywide discretionary revenues (primarily property taxes), departmental revenues, and other funding sources of the General Fund. Of this \$2.7 billion, only \$521.1 million is truly discretionary.

	Requirements (In Millions)		
	2013-14 Final	2014-15 Adopted	Change
General Fund	\$ 2,811.2	\$ 2,670.6	\$ (140.6)
Restricted General Funds	109.5	55.0	(54.5)
Capital Project Funds	226.9	218.0	(8.9)
Special Revenue Funds	1,073.3	1,070.7	(2.6)
Enterprise Funds	727.3	650.2	(77.1)
Internal Service Funds	213.9	225.1	11.2
Permanent Funds	1.6	1.6	0.0
	<u>\$ 5,163.7</u>	<u>\$ 4,891.2</u>	<u>\$ (272.5)</u>

The \$140.6 million decrease in General Fund requirements includes a reduction of \$59.9 million due to decreased intergovernmental transfers required for Disproportionate Share Hospital (DSH), Delivery Reform Incentive Payments, and Medi-cal managed care programs in the Health Administration budget unit. This includes a reduction due to the return in 2013-14 of excess DSH funds received for 2011-12 and 2012-13. DSH is a federal matching program that assists the County in funding uninsured patients.

General Fund requirements are also decreasing as a result of decreased contributions to General Fund Reserves of \$85.0 million. This is due to 2013-14 contributions of \$120.6 million approved by the Board in the Third Quarter Budget Report. These contributions to Reserves were funded by substantial one-time monies received in 2012-13 related to the dissolution of Redevelopment Agencies and a rebate from the County's Workers Compensation program. In the County General Fund, budgeting for future projects, economic uncertainties, and unallocated resources will shift from appropriating these amounts in contingencies to contributing these amounts to reserves. This change in philosophy will appropriately characterize the multi-year nature of projects, economic impacts and needs to be addressed with limited General Fund resources. Changes to align the County's budget and finance policies to this shift in philosophy will be brought to the Board for approval in the upcoming fiscal year.

The \$54.5 million decrease in Restricted General Funds is also caused primarily by the return to the State, in 2013-14, of overpayments made to the County in 2011-12 and 2012-13 of Disproportionate Share Hospital (DSH) payments described above.

The \$8.9 million decrease in Capital Project Funds is primarily due to the completion of the High Desert Detention Center (formerly known as Adelanto Detention Center) in 2013-14.

The decrease of \$77.1 million in Enterprise Funds is primarily due to a reduction in operating expenses at the Arrowhead Regional Medical Center (\$34.0 million) due to less than anticipated patient volumes as a result of the Affordable Care Act and the conclusion of the Low Income Health Program (LIHP) and its associated costs. Additionally, requirements of the Arrowhead Regional Medical Center are decreasing by \$39.1 million due to the one-time repayment in 2013-14 to the State of an overpayment

